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 Marc
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Samuel
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- o~ Public comments (2015) from previous FinCEN Director described **crowd**-funding portals as a gap in regulatory coverage that needs to be addressed to prevent these new entities from being used as vehicles for money laundering and other financial crimes.
- o~ In Australia, New Zealand, the UK and the US, frameworks are been put in place for **investment**-based crowdfunding platforms to protect consumers, and promotion of effective competition - no indications that **donation crowd**-funding platforms are covered.

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From: Richard, Marc (FINTRAC/CANAFE) <Marc.Richard@fintrac-canafe.gc.ca>
Sent: February 17, 2022 3:34 PM
To: Ryan, Annette (FINTRAC/CANAFE) <Annette.Ryan@fintrac-canafe.gc.ca> s.38
(FINTRAC/CANAFE) s.38
Cc: Bennett, Patricia (FINTRAC/CANAFE) <Patricia.Bennett@fintrac-canafe.gc.ca>; Marleau-Ouellet, Samuel (FINTRAC/CANAFE) <Samuel.Marleau-Ouellet@fintrac-canafe.gc.ca>; Taschereau, Amanda (FINTRAC/CANAFE) <Amanda.Taschereau@fintrac-canafe.gc.ca>; Stewart, Jessica (FINTRAC/CANAFE) <Jessica.Stewart@fintrac-canafe.gc.ca> s.38
(FINTRAC/CANAFE) s.38 @fintrac-canafe.gc.ca
Subject: RE: PPA Daily Update to EO - February 17, 2022

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Hi Annette and co.,

Thanks. For timing: As soon as practicable **please** (preferably COB the previous day), but no latter than 9AM.

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On the final version: s.38 will be sending it to DDs, and I will not be in that correspondence. Once you receive it, it will serve as a good example for future bullets.

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On that, she mentioned that, though she kept some bullets as is, the level of bullets was noted as being too detailed. The art will be in hitting the activity, and broad description. One example that was discussed, was that the first bullet in Multilateral was enough detail for that section:

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- ~ Crowdfunding related activity has generated some attention in international AML/CFT fora, such as FATF and Egmont, however, to date, no specific policy has been developed or recommended, beyond general considerations to preventive measures.

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A mention that IR is researching is enough.

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Also suggested that we spell out acronyms, and avoid mentioning third party sourced updates – ops or confidential policy dev. -, though judgement there if relevant for the Director.

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Hope that is helpful as you prepare for tomorrow.

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Marc

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From: Ryan, Annette (FINTRAC/CANAFE) <Annette.Ryan@fintrac-canafe.gc.ca>
Sent: February 17, 2022 2:19 PM
To: Richard, Marc (FINTRAC/CANAFE) <Marc.Richard@fintrac-canafe.gc.ca> s.38
(FINTRAC/CANAFE) s.38 @fintrac-canafe.gc.ca
Cc: Bennett, Patricia (FINTRAC/CANAFE) <Patricia.Bennett@fintrac-canafe.gc.ca>; Marleau-Ouellet, Samuel (FINTRAC/CANAFE) <Samuel.Marleau-Ouellet@fintrac-canafe.gc.ca>; Taschereau, Amanda (FINTRAC/CANAFE) <Amanda.Taschereau@fintrac-canafe.gc.ca>; Stewart, Jessica

(FINTRAC/CANAFE) <Jessica.Stewart@fintrac-canafe.gc.ca> s.38

(FINTRAC/CANAFE) s.38 @fintrac-canafe.gc.ca>

Subject: RE: PPA Daily Update to EO - February 17, 2022

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Helpful, Marc – thanks. Grateful if you could circulate today's final version please.

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Folks – deadline tmo to EO is 10am so grateful for bullets to me by 930.

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Marc, with you away tmo, can you advise team when bullets should go to Jessica tmo, pls & thx?

~

From: Richard, Marc (FINTRAC/CANAFE) <Marc.Richard@fintrac-canafe.gc.ca>

Sent: February 17, 2022 1:41 PM

To: Ryan, Annette (FINTRAC/CANAFE) <Annette.Ryan@fintrac-canafe.gc.ca> s.38

(FINTRAC/CANAFE) s.38 @fintrac-canafe.gc.ca>

Cc: Bennett, Patricia (FINTRAC/CANAFE) <Patricia.Bennett@fintrac-canafe.gc.ca>; Marleau-Ouellet,

Samuel (FINTRAC/CANAFE) <Samuel.Marleau-Ouellet@fintrac-canafe.gc.ca>; Taschereau, Amanda

(FINTRAC/CANAFE) <Amanda.Taschereau@fintrac-canafe.gc.ca>; Stewart, Jessica

(FINTRAC/CANAFE) <Jessica.Stewart@fintrac-canafe.gc.ca> s.38

(FINTRAC/CANAFE) s.38 @fintrac-canafe.gc.ca>

Subject: RE: PPA Daily Update to EO - February 17, 2022

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Hi all,

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FYI – had a discussion with s.38 She advised that we reduce details when sending up. Current input has been edited. Essentially, Director has 15 minutes with her counterpart for all updates, and EO is putting an extra-extra lens on how these updates come to light in the future.

~

So, high level descriptions of what we are doing as opposed to specifics.

~

Will attend morning meeting with you all tomorrow to brief in person, but as you prepare updates, please raise bullets to 80K feet.

~

Marc

~

From: Ryan, Annette (FINTRAC/CANAFE) <Annette.Ryan@fintrac-canafe.gc.ca>

Sent: February 17, 2022 1:31 PM

To: s.38 (FINTRAC/CANAFE) s.38 @fintrac-canafe.gc.ca>

Cc: Bennett, Patricia (FINTRAC/CANAFE) <Patricia.Bennett@fintrac-canafe.gc.ca>; Marleau-Ouellet,

Samuel (FINTRAC/CANAFE) <Samuel.Marleau-Ouellet@fintrac-canafe.gc.ca>; Taschereau, Amanda

(FINTRAC/CANAFE) <Amanda.Taschereau@fintrac-canafe.gc.ca>; Stewart, Jessica

(FINTRAC/CANAFE) <Jessica.Stewart@fintrac-canafe.gc.ca> s.38

(FINTRAC/CANAFE) s.38 @fintrac-canafe.gc.ca>; Richard, Marc

(FINTRAC/CANAFE) <Marc.Richard@fintrac-canafe.gc.ca>

Subject: RE: PPA Daily Update to EO - February 17, 2022

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That works s.38 thanks.

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From: s.38 (FINTRAC/CANAFE) s.38 @fintrac-canafe.gc.ca>

Sent: February 17, 2022 1:05 PM

To: Ryan, Annette (FINTRAC/CANAFE) <Annette.Ryan@fintrac-canafe.gc.ca>

Cc: Bennett, Patricia (FINTRAC/CANAFE) <Patricia.Bennett@fintrac-canafe.gc.ca>; Marleau-Ouellet,

Samuel (FINTRAC/CANAFE) <Samuel.Marleau-Ouellet@fintrac-canafe.gc.ca>; Taschereau, Amanda

(FINTRAC/CANAFE) <Amanda.Taschereau@fintrac-canafe.gc.ca>; Stewart, Jessica

(FINTRAC/CANAFE) <Jessica.Stewart@fintrac-canafe.gc.ca> s.38
(FINTRAC/CANAFE) s.38 <[REDACTED]@fintrac-canafe.gc.ca>; Richard, Marc
(FINTRAC/CANAFE) <Marc.Richard@fintrac-canafe.gc.ca>
Subject: RE: PPA Daily Update to EO - February 17, 2022

~
Some movement on the VC front this morning, as an update.

s.38
[REDACTED]

We will try to get a more comprehensive update by the end of the day.

s.38
[REDACTED]

From: Richard, Marc (FINTRAC/CANAFE) <Marc.Richard@fintrac-canafe.gc.ca>
Sent: February 17, 2022 11:02 AM
To: Ryan, Annette (FINTRAC/CANAFE) <Annette.Ryan@fintrac-canafe.gc.ca>
Cc: Bennett, Patricia (FINTRAC/CANAFE) <Patricia.Bennett@fintrac-canafe.gc.ca> s.38
s.38 (FINTRAC/CANAFE) s.38 <[REDACTED]@fintrac-canafe.gc.ca>; Marleau-Ouellet, Samuel
(FINTRAC/CANAFE) <Samuel.Marleau-Ouellet@fintrac-canafe.gc.ca>; Taschereau, Amanda
(FINTRAC/CANAFE) <Amanda.Taschereau@fintrac-canafe.gc.ca>; Stewart, Jessica
(FINTRAC/CANAFE) <Jessica.Stewart@fintrac-canafe.gc.ca> s.38
(FINTRAC/CANAFE) s.38 <[REDACTED]@fintrac-canafe.gc.ca>
Subject: RE: PPA Daily Update to EO - February 17, 2022

~
Change done and will send Ccing you.

From: Ryan, Annette (FINTRAC/CANAFE) <Annette.Ryan@fintrac-canafe.gc.ca>
Sent: February 17, 2022 11:00 AM
To: Richard, Marc (FINTRAC/CANAFE) <Marc.Richard@fintrac-canafe.gc.ca>
Cc: Bennett, Patricia (FINTRAC/CANAFE) <Patricia.Bennett@fintrac-canafe.gc.ca> s.38
s.38 (FINTRAC/CANAFE) s.38 <[REDACTED]@fintrac-canafe.gc.ca>; Marleau-Ouellet, Samuel
(FINTRAC/CANAFE) <Samuel.Marleau-Ouellet@fintrac-canafe.gc.ca>; Taschereau, Amanda
(FINTRAC/CANAFE) <Amanda.Taschereau@fintrac-canafe.gc.ca>; Stewart, Jessica
(FINTRAC/CANAFE) <Jessica.Stewart@fintrac-canafe.gc.ca> s.38
(FINTRAC/CANAFE) s.38 <[REDACTED]@fintrac-canafe.gc.ca>
Subject: RE: PPA Daily Update to EO - February 17, 2022

~
One change, pls:

~
Crowdfunding related activity has generated attention in international AML/CFT fora, such as FATF and Egmont in terms of understanding its risk. At this time, specific policy has not been formally set forth within standards, additional to existing considerations respecting preventive measures.

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~
~
s.38
[REDACTED]

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~
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----- Original message -----

From: "Richard, Marc (FINTRAC/CANAFE)" <Marc.Richard@fintrac-canafe.gc.ca>

Date: 2022-02-17 10:32 a.m. (GMT-05:00)

To: "Ryan, Annette (FINTRAC/CANAFE)" <Annette.Ryan@fintrac-canafe.gc.ca>

Cc: "Bennett, Patricia (FINTRAC/CANAFE)" <Patricia.Bennett@fintrac-canafe.gc.ca>, s.38 (FINTRAC/CANAFE)" <s.38@fintrac-canafe.gc.ca>, "Marleau-Ouellet, Samuel (FINTRAC/CANAFE)" <Samuel.Marleau-Ouellet@fintrac-canafe.gc.ca>, "Taschereau, Amanda (FINTRAC/CANAFE)" <Amanda.Taschereau@fintrac-canafe.gc.ca>, "Stewart, Jessica (FINTRAC/CANAFE)" <Jessica.Stewart@fintrac-canafe.gc.ca>, s.38 (FINTRAC/CANAFE)" <s.38@fintrac-canafe.gc.ca>

Subject: RE: PPA Daily Update to EO - February 17, 2022

~

Hi Annette,

~

Updates added – good to go to EO?

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Partnership, Policy and Analysis

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Strategic Policy

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Parliamentary Support

- ~ FINTRAC officials were invited to appear at the Finance Standing Committee in the House of Commons as it studies Bill C-8, An act to implement certain provisions on economic and fiscal update.
- ~ FINTRAC respectfully declined the invitation to appear before FINA on Bill C8. The clerk responded with thanks for considering the invitation. No additional communication/action.
- ~ SPAR is preparing a folder with all relevant material for likely future requests to appear.

~

Supporting Regulatory Amendments

- ~ SPAR, Compliance and Legal will participate in drafting session chaired by Finance Thursday, Feb 17 from 1 to 3pm. Focus is on adding PSP's and Crowd-funding entities as Reporting Entities within the AML regime. Bank of Canada will attend to share payment expertise.

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Horizontal Liaison

- ~ On Wednesday, building on previous positive outreach by Director, the Bank of Canada's Retail Payment sector has offered to share their extensive research, background and policy analyses on the PSP ecosystem in coming days/within two weeks. They have also offered SME knowledge and assistance in policy development, and in concert with with FIN.
- ~ Shared Background information with Public Safety policy shop re Order Q&As and public visibility to blockchain information re cryptocurrency.

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Supporting Potential Subsequent Legislative Proposals

- ~ SPAR is currently compiling a list of all the current legislative and regulatory proposals being considered, either internally or by the DoF, through the IDR and/or Budget processes.
- ~ This will be disseminated to all Sectors in a call out for any additional proposals not already being considered, but that may have come up given the current environment and Emergency Order.

- ~ The list/chart should be completed COB Feb. 16th, with a call out email going out Feb. 17th for input.

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SIRA

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- ~ Preparing a Backgrounder on visibility of VC transactions and the vulnerabilities and risks, particularly as it may relate to IMVE movements. Seeking to have a draft for Thursday.
- ~ TF risks associated with Crowdfunding (updating the 2016 Research Report): First draft expected for Friday.
- ~ Forthcoming: Financial Intelligence Report on the use of VC for TF.

~

Monitoring of Financing via Virtual Assets

- ~ OSINT Reporting on comments made by one of the organizers (and a listed director on the non-profit connected to the crowdfunding campaigns) noted that funding through the GoFundMe and GiveSendGo has been successfully halted and was not disbursed. He also noted the raising of funds through cryptocurrency, but—consistent with our monitoring—s.38

s.38

- ~

- ~ Non-Fungible Tokens (NFTs): OSINT indicates more than 3,000 NFTs available on OpenSea and 2,000 NFTs listed for bidding on XChain with a connection to the movement at a wide range of price points.
- ~ Pat King, a key organizer linked to the Freedom Convoy and self-proclaimed “freedom fighter”, encouraged supporters to go to a website for a “freedom convoy token.” The website lists King as a founder of the token, along with other individuals and a team of developers. The convoy coin website lists its initial cause to be fundraising—four percent of every transaction is to go into what’s called the “Freedom Convoy Foundation”— but states the long-term goal is to start the “development of a GoFundMe-like killer decentralized platform.”
- ~ RCMP has reached out to FIs and VC exchanges on 20 specific individuals and 30+ wallets. The letter to VC exchanges, leaked to the public, calls for them to cease transactions and that “Any information about a transaction or proposed transaction in respect of these address(es), is to be disclosed immediately to the Commissioner of the Royal Canadian Mounted Police. s.38

s.38

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International Relationships

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International/Multilateral Framework

- ~ Crowdfunding related activity has generated some attention in international AML/CFT fora, such as FATF and Egmont, however, to date, no specific policy has been developed or recommended, beyond general considerations to preventive measures.
- ~ In its report on emerging terrorist financing risks [Emerging-Terrorist-Financing-Risks.pdf (fatf-gafi.org)], the FATF explores the use of crowdfunding to collect donations from multiple sources.
- ~ In the current Financial Action Task Force (FATF) regime, there are no recommendations that specifically cover crowdfunding platforms and the FATF definitions of FIs and DNFBPs do not

cover these platforms either. It is for this reason that crowdfunding platforms are often not covered by AML-CFT regimes in other jurisdictions.

- ~ FATF's *Recommendation 10* covers customer due diligence (CDD) for FIs and through their CDD FIs conduct due diligence on these platforms using a RBA.
- ~ FATF Recommendation 15 covers Virtual Assets. FATF's *Updated Guidance for a Risk Based-Approach for Virtual Assets Service Providers*¹ intends to help national authorities in understanding and developing regulations linked to digital currencies.

\\~

- ~ **Framework In Key International Jurisdictions**

- ~ Essentially, the Five Eyes partners do not regulate donation-based crowdfunding, except for the UK where certain laws apply for payment services providers **[TBC if this pertains to AML/CTF – Research ongoing]**.
- ~ In July 2021, the EU released a new anti-money laundering legislative package that will address a wide variety of new rules and regulations that will include non-regulated crowdfunding and related payment (internet) and virtual asset service providers. These new rules and regulations will address compliance regulations such as CDD and KYC requirements, as well as Suspicious Transaction Reporting (STR – or SAR) to Financial Intelligence Units. The legislative package is currently undergoing consultations and changes to the proposed rules and legislation are likely **[Research is ongoing to understand, more fully, the potential changes to the proposed legislative package]**.\\~
- ~ Bank of Canada provided research on crowdfunding, which includes a section on international comparison of relevant regulations. This document notably refer to a survey developed in 2015 providing insight into how different securities regulators regulate the crowdfunding sector – 23 International Organization of Securities Commissions (IOSCO) members participated in this survey including Quebec and Ontario.

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